RV BUSINESS

C8950-2

JANUARY 21, 1991

RVIA's DeWolf Sees Upswing to Begin in Late '91

No longer is the worst-case scenario considered the most likely outcome of the current economic downturn by many U.S. economists. Most now seem to be anticipating a rather shallow recession. In fact, 51% of the economists surveyed by the National Association of Business Economists in late 1990 predicted the start of a recovery by this April.

Yet, the grand majority of economic fortunetellers still harbor a fairly conservative view of 1991. And RVIA's own consulting forecaster, John W. DeWolf, is no exception. DeWolf, who foresees a year-end 1990 RV shipment setback (excluding van conversions) of just over 5% from 195,300 units in 1989 to 185,000 units in 1990, is forecasting an additional 8% dip in 1991 to 169,000 units. He foresees a towable dropoff of about 7%, with motorhomes off another 13% to 14%, in 1991.

Not until 1992 does DeWolf, who looks for the beginning of a turnaround in late 1991, expect the industry to start reaping the real benefits of an upturn. And, even then, he anticipates a gradual upswing, with 1992 shipments to dealers of only about 177,000 units.

DeWolf has continually dialed back his outlook for 1991, a year for which he and other economic analysts once held bright hopes. The Persian Gulf crisis is to blame, he says. "I would think that this forecast is probably pretty accurate," DeWolf told *RVB*. "It certainly isn't going to be much better than that,

continued on page 7

New Supplier Products Unveiled

RV industry suppliers, not unlike their manufacturing counterparts, are aggressive in their stance toward the 1991-model year. That much was evident at the recent National RV Trade Show in Louisville, Ky., where suppliers introduced a wide spectrum of new OEM and aftermarket products—some of

continued on page 11

OEM and aftermarket debuts at the Louisville show included (clockwise from right) ebony-colored bath fixtures from SeaLand Technologies, Spartan's upgraded EC-2000 diesel chassis, Carefree of Colorado's full-view patio and window awnings, Onan's Marquis 7000/5000 generators with built-in governors and Kohler's Confidant 4- and 5-kw gensets.

7 Gulf Stream Resurrects Yellowstone Line

7 RVSEC Names Officers, Goals For 1991

8 Chinook Camper Offered for Minivan Conversion

8 American International Buys Ger-Win Vans

8 NCOA Reports On Convention, Sets New Dates

9 Purchase Offer For Starcraft To Be Heard

9 Ford Offers Chasssis Incentives

10 Park-Model Makers Seek New Leader

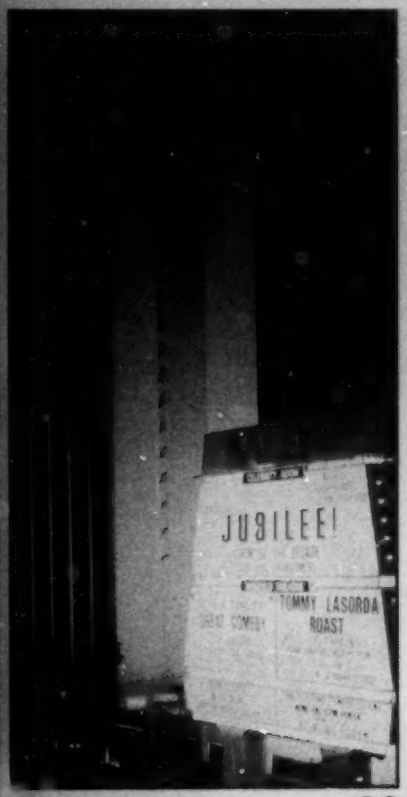
10 U-Haul Retires RV Rentals

10 Four Seasons Back After Plant Fire

10 Isuzu Accepts '92 Chassis Orders

RV BUSINESS

VOLUME 41, NUMBER 20 JANUARY 21, 1991 TWO DOLLARS



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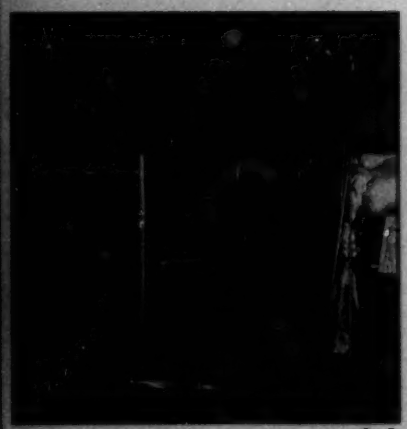

30

COVER PHOTOS COURTESY OF MANUFACTURERS

NEWS AND TRENDS

Industry News ____ 7
RV People ____ 14
RVIA Shipments ____ 16
Blue Chip Consensus ____ 18
At Retail ____ 20

FEATURES

Aftermarket ____ 22
Suppliers offer tips on making the best use of aftermarket parts-and-accessory sales to boost profits in a tight economy and on covering the many trade exhibitions to catch the latest items and information available.

The Right Crowd ____ 25
Drawing buyers—not just browsers—is the challenge for dealers conducting their own shows. Veteran retailers report successful techniques for targeting show promotion to the appropriate audience.

1991 TCIA Convention & Exposition Guide ____ 28
Attendees will find a calendar listing educational seminars, discussions and meetings, accompanied by a list of exhibitors in this convention and exposition guide.

DEPARTMENTS

Dealer Concept ____ 30
Service ____ 34
Marketing ____ 37
Calendar ____ 38
Profitmakers ____ 40
In Brief ____ 43
Classified Advertising ____ 46
Index to Advertisers ____ 47
New Literature ____ 48
Midwest Journal ____ 50

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THE STRANGE CASE OF OCTOBER

MORTON J. MARCUS

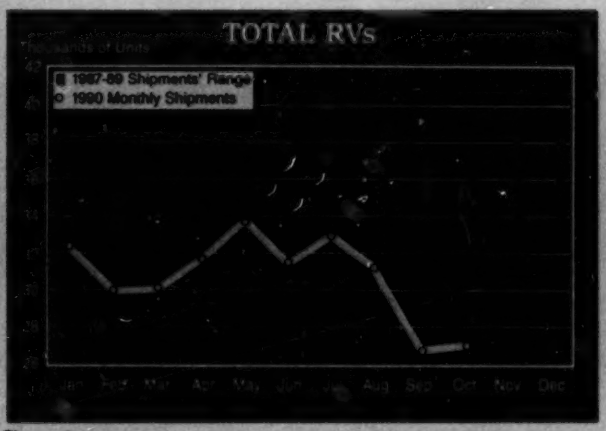
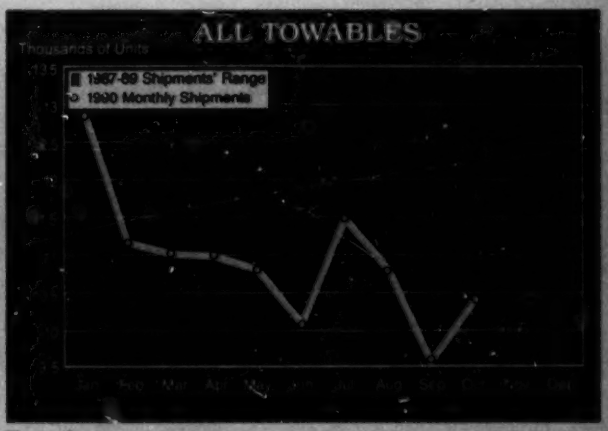


Figure 1



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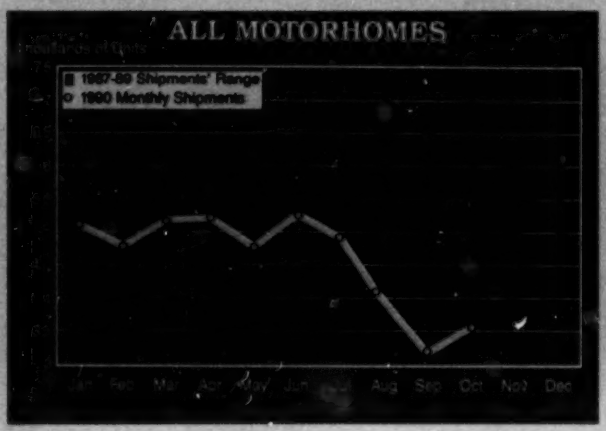

Figure 3

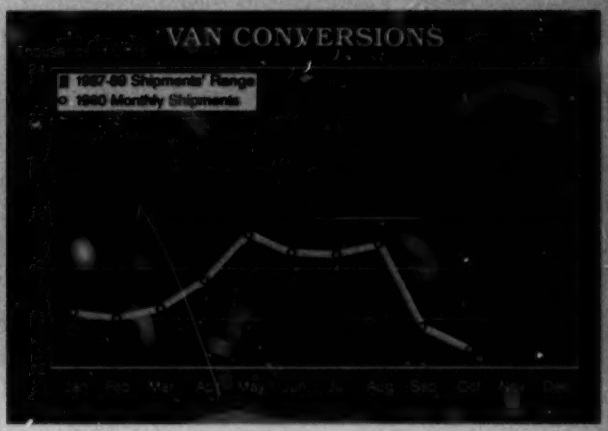

Figure 4

Every October orange and black decorations, like some massive pep rally for a football team, festoon the streets and commercial establishments of America. Evil creatures are celebrated. The month ends with small children parading through the streets intent on inflicting property damage on their neighbors. Only a cultural perversion prevents massive insurance claims and juvenile arrests. We keep the young barbarians in line through the payment of tribute (candy, apples, teeth-destroying chewing gum, and other delicacies).

Clearly, October is a time for surprises. The RV industry surprised itself this past October. September had been a frightening month. Shipments fell by nearly 16% from August and everyone was braced for another decline. Gasoline prices were rising and uncertainty over the situation in the Mideast was at a boil. Reservists were joining regular military personnel from all over the world to provide a Desert Shield. It was a time to expect the worst.

But the RV industry did not play by the book. Reasonable people might have expected shipments to fall as retail inventories would be shaved to prepare for the uncertain months ahead. No such thing happened.

After adjustment for normal seasonal factors, total RV shipments in October stood still, as seen in Figure 1. Shipments came in at 26,820 for the month, just a hair ahead of the 26,790 units reported for September. Although more than 18% below the same month a year earlier, this month-to-month consistency was surprising. It was as though the industry, having hit the wall, stabilized immediately with no further adjustment to the adverse conditions brought on by the Iraqi invasion of Kuwait.

Towables actually improved from September to October by nearly 1,000 units and were back in the general range preva-

GRAPHICS: DIGITAL LIFE

lent from March through August of 1990. *(See Figure 2.)* Motorhome shipments also gained, albeit slightly, from September to October. While September figures showed these units down 25% from the preceding year's levels, that deficit was cut to 20% in October 1990. *(See Figure 3.)*

Van conversions, by contrast, continued the decline of September 1990, losing close to 1,100 units. *(See Figure 4.)* This pushed van conversions down to 25% below the September 1989 level. Only this segment of the market performed as might be expected.

The Detailed View

Despite the fact that total shipments for 1990 are down from 1989 levels, all types of towables have expanded market share in 1990. *(See Figure 5.)* These gains have been at the expense of motorhomes and van conversions about equally.

In October, only park models had any serious decline among towables (down 24% from September 1990). Other types of towables showed either no significant decline or even substantial advances from September. *(See Figure 6.)* Folding camping trailers jumped by nearly 900 units in the month, a 42% rise. On smaller volume, truck campers and fifth-wheels both gained better than 12% from September levels.

Year-to-date figures for 1990 show towables down less than 2% with truck campers up slightly and no type of unit off by more than the 5.2% of park models. Thus, towables hold on as the strongest portion of the RV market in a year of downtrends.

Motorhomes and van conversions are a very different story. Motorhomes are down by nearly 12% (6,100 units) for the year and van conversions have lost 8% (13,400 units). Together these two sectors account for 92% of the lost volume within the industry during 1990.

Inventory Location

Sometimes inventory is moved to retailers by overly enthusiastic manufacturers who anticipate increased sales and want to have as much product as close to the consumer as possible. At other times, inventory is pushed on retailers to get it off the manufacturers' lots.

Where should inventories be maintained in uncertain times? Note that this does not ask the question, "Who should bear the costs of that inventory?" That cost can be shared. The issue is "Where should the product be located?" When voiced in this fashion, the answer seems clear: "As close to the final consumer as possible."

PERCENT MARKET SHARE BY TYPE OF UNIT
(Year-to-date, adjusted for seasonal variation)

	1990	1989	Change
TOTAL RVs	100.00	100.00	0.00
Travel Trailers:	24.12	22.82	1.30
Conventional	14.36	13.49	0.88
Park Models	1.97	1.95	0.03
Fifth-wheels	7.78	7.39	0.39
Folding Camping Trailers	8.72	8.44	0.28
Truck Campers	2.71	2.53	0.18
TOTAL TOWABLES	35.55	33.79	1.76
Motorhomes:			
Class A	8.31	9.09	–0.78
Class B Van Campers	1.64	1.28	0.36
Class C:	4.95	5.42	–0.47
Minis	3.84	4.46	–0.62
Low Profiles	0.17	0.38	–0.22
Micro-minis	0.95	0.58	0.36
TOTAL MOTORHOMES	14.90	15.79	–0.89
Multiuse Van Conversions	49.55	50.42	–0.87

Percentages may not add to total because of rounding.

Figure 5

When floor traffic is slowed, it is important for the retailer to have every possible advantage in making a sale. Product variety makes it possible for the buyer to see and compare alternate choices. No picture or schematic in a catalog is a substitute for a walk-through. Choice becomes a selling strength. The dealer needs to be able to resolve questions and keep the transaction's period of indecision to a minimum. Generalized, diffuse political and economic uncertainty are working against the sale. A delay in examining a unit's features becomes another reason for the purchaser to delay making a conclusive decision.

For both the retailer and the consumer, a full line of product, in all its variations, increases the probability of a sale. This principle suggests that retailers should maintain a full inventory with regard to variety. It does not suggest that multiples of everything should be in stock. Even keeping units which move very slowly on the lot has a value, since the consumer's act of rejecting a model is a step toward finding the product desired. To the extent that sales by the dealer are also important to the manufacturer, both have an incentive to share the cost of inventory diversity.

The shipments of October, at about the same level as those of September, may suggest that wise behavior would be to increase consumer choice in uncertain times. October may not have been a very strange month after all. However, if sales were slowed dramatically, we may expect to see November and December shipments suffer as inventory levels are kept steady. Δ

Morton J. Marcus is the director of the Indiana Business Research Center at Indiana University School of Business, where he is also a member of the faculty. Marcus specializes in using statistics to identify economic trends.

RV SHIPMENTS BY TYPE OF UNIT
(Adjusted for Seasonal Variation)

Type of Units	Oct. '90	Change from Sep '90 Number	%	Year-to-Date 1990	1989	Change Number	%
Travel Trailers:	6,580	–10	–0.1	74,270	75,120	–850	–1.1
Conventional	3,900	–100	–2.4	44,230	44,390	–160	–0.4
Park Models	490	–150	–24.0	6,080	6,410	–330	–5.2
Fifth-wheels	2,190	240	12.4	23,970	24,320	–350	–1.4
Folding Camping Trailers	2,970	880	42.0	26,860	27,780	–920	–3.3
Truck Campers	920	100	12.3	8,340	8,320	20	0.2
Motorhomes:							
Class A	1,830	–20	–1.0	25,570	29,900	–4,330	–14.5
Class B Van Campers	420	20	3.9	5,080	4,220	850	20.1
Class C:	1,330	160	13.3	15,250	17,850	–2,610	–14.6
– Minis	950	–20	–2.3	11,820	14,670	–2,850	–19.4
– Low Profiles	0	0	0	510	1,260	–760	–59.7
– Micro-minis	380	180	87.2	2,920	1,920	990	51.7
Multiuse Van Conversions	12,780	–1,090	–7.9	152,570	165,920	–13,350	–8.0

Figure 6

SEPTEMBER SALES REFLECT MARKET SOFTNESS FOR MOTORIZED, TOWABLES

THOMAS WALWORTH

September year-to-date retail sales figures showed the motorhome industry having sold 37,775 units. This was a 15.5% drop when compared to the 1989 figure for the same nine-month period. The RV-trailer market showed 92,296 units sold year-to-date, a 2.7% decline when compared to figures for the same period of 1989.

Overall sales for the month of September were off 36.2%, representing 1,753 units, when compared to September of 1989. Figure 1 lists the seven national regions, ranked by their percent of change in motorhome sales in September 1990 compared with the same month of 1989.

In the East North Central region the state of Wisconsin topped the September rankings. Delaware, in the South Atlantic region, showed the largest decline.

Year-to-date numbers show the motorhome market down 15.5%, which represents 6,924 units. Figure 2 ranks the national regions by their percent of change between 1990 and the same period of 1989.

The South Central region shows the state of Alabama with the largest gain. New Hampshire trailed in the Northeast, experiencing the largest decline in that region.

The RV trailer sales story for September showed a decline of 11.9% from the September 1989 figures, which equals 1,090 units. Figure 3 ranks the seven regions of the country by their percent of change in September trailer sales compared with the same month of 1989.

In the East North Central region, the state of Wisconsin again topped the rankings. Utah trailed the pack in the Mountain region, with the largest decline.

The RV trailer market year-to-date figures show a drop of 2.7% or 2,579 units. Figure 4 lists the regional rankings based on the percent of change in the first nine months of 1990 compared with that same period in 1989.

Leading off with the largest increase in the South Central region was the state of Alabama. In the Northeast region, New Hampshire showed the largest decline.

continued on page 48

East North Central: Illinois, Indiana, Michigan, Ohio, Wisconsin; Mountain: Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming. Northeast: Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont; Pacific: Alaska, California, Oregon, Washington, Hawaii; South Atlantic: Delaware, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia; West North Central: Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota; South Central: Texas, Oklahoma, Arkansas, Louisiana, Tennessee, Mississippi, Alabama.

GRAPHICS: DIGITAL LIFE

NEW LITERATURE/VIDEOS

SME's New Book Explains Uses of Powder Coating

The Society of Manufacturing Engineers (SME), in cooperation with the Association for Finishing Processes, of SME, has published a book titled *Powder Coating Applications* to help managers make smooth transitions from liquid coating to powder coating, and to help improve finishing operations once they are in place. Powder coatings are widely used in the appliance, automotive, and finishing industries and are rapidly expanding into other industries. Topics include: powder materials and their uses; pre-treatment equipment; application and recovery systems; curing and conveyor equipment; safety; as well as quality control and maintenance specific to powder-coating processes. Methods suggested are useful for finishers currently using or considering the use of powder coating. SME, P.O. Box 930, Dearborn, Mich. 48121-0930; (313) 271-1500, Ext. 629.

New Catalog Highlights U.S. Air Horns, Accessories

Hadley Products, a Grandville, Mich.-based manufacturer of horns, valves and compressors, now offers a 24-page catalog highlighting its full line of air horns and accessories. Hadley air horns are ideal for 4×4, RV, van, pickup, motorhome, crew cab or boat applications. Completely illustrated with photographs, selector charts and drawings, the catalog features air horn kits for vehicles with and without air brakes, as well as bell kits, snow and bug shields and service/repair kits. For a free catalog, contact Hadley Products, 2851 Prairie St. S.W., Grandville, Mich. 49418; (616) 530-1717.

Running Board Catalog For Truck and Van Owners

The Running Board and Ground Effects specialists designed a catalog "for truck and van owners who understand and demand quality." Extruded full-width running boards, fiberglass ground-effects-type running boards and extruded midi-width types are available. All three varieties are custom designed from extruded aluminum, Tread Brite and fiberglass. Available in Brite or Black finish, a three-amber-light system is offered on all running boards. For a free copy of the Road Quest Running Board/Ground Effects catalog, call (219) 293-2224 or (800) 872-4360. Δ

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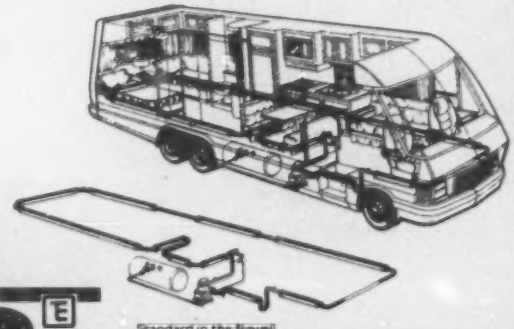

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AT RETAIL *from page 20*

MOTORHOMES, SEPTEMBER '90

Sept. '90 Rank	Region	% of Change From Sept. '89	Aug. '90 Rank
1	E.N. Central	–21.2	7
2	Mountain	–28.0	2
3	Pacific	–29.8	5
4	S. Central	–33.7	1
5	W.N. Central	–39.8	3
6	Northeast	–44.0	6
7	S. Atlantic	–55.1	4

Figure 1

MOTORHOMES, YEAR-TO-DATE

Sept. '90 Rank	Region	% of Change Year-to-Date	Aug. '90 Rank
1	S. Central	– 8.7	1
2	Mountain	–12.8	4
3	Pacific	–12.9	5
4	W.N. Central	–13.1	2
5	S. Atlantic	–16.2	3
6	E.N. Central	–70.8	6
7	Northeast	–24.1	7

Figure 2

RV TRAILERS, SEPTEMBER '90

Sept. '90 Rank	Region	% of Change From Sept. '89	Aug. '90 Rank
1	E.N. Central	– 0.3	5
2	Pacific	– 3.4	7
3	S. Central	– 4.7	4
4	W.N. Central	–13.1	1
5	Northeast	–20.6	6
6	S. Atlantic	–23.6	3
7	Mountain	–24.6	2

Figure 3

RV TRAILERS, YEAR-TO-DATE

Sept. '90 Rank	Region	% of Change Year-to-Date	Aug. '90 Rank
1	S. Central	9.9	1
2	Mountain	4.6	2
3	Pacific	2.3	3
4	W.N. Central	– 1.3	4
5	E.N. Central	– 5.6	6
6	S. Atlantic	– 6.2	5
7	Northeast	–16.2	7

Figure 4

As everyone connected with the RV industry is painfully aware, the motorhome and RV trailer sectors are in a slump, with motorhomes getting hit the hardest. This is primarily due to the uncertainty in the Mideast and the resulting economic woes.

The motorhome industry also may be suffering from improper market mix for the consumer, considering new demand for the down-sized and diesel-powered motorhomes. If a dealer's inventory is filled with gas and full-size units, the dealer will likely experience the slump more.

On a more positive note, the RV trailer market seems to be gaining new sales in the lower price range.

The RV industry is poised for a large comeback, once the world crisis is under control. Dealers and manufacturers should be monitoring today's market for tomorrow's trends. Δ

Thomas Walworth is general manager of Statistical Surveys Inc., Grand Rapids, Mich., which reports retail statistics to the RV industry.